

AMENDED IN SENATE MARCH 29, 2012

**SENATE BILL**

**No. 1406**

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**Introduced by Senator Emmerson**

February 24, 2012

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An act to amend Section ~~6500~~ of the Government Code and to amend Sections 11785 and 11873 of the Insurance Code, relating to the State Compensation Insurance Fund.

LEGISLATIVE COUNSEL'S DIGEST

SB 1406, as amended, Emmerson. State Compensation Insurance Fund: ~~joint powers authority; executive appointments.~~

Existing law provides for the existence of the State Compensation Insurance Fund (SCIF) to be administered by a board of directors for the purpose of transacting workers' compensation insurance, and insurance against the expense of defending any suit for serious and willful misconduct, against an employer or his or her agent, and insurance to employees and other persons of the compensation fixed by the workers' compensation laws for employees and their dependents.

~~Existing law authorizes 2 or more public agencies, as defined, to enter into an agreement to exercise common powers.~~

~~This bill would include SCIF as a public agency that may enter into a joint powers agreement, and would make conforming changes.~~

~~Existing dependents. Existing law authorizes requires the board of directors of SCIF SCIF board of directors to appoint a president, a chief financial officer, a chief operating officer, a chief information technology officer, a chief investment officer, a chief risk officer, and a general counsel. Existing law exempts those positions from provisions of the Government Code and Public Contract Code that are otherwise applicable to state agencies and public entities and for these purposes~~

*existing law provides that the SCIF is not considered a state agency or other public entity.*

*This bill would ~~additionally authorize~~ require the board of directors of SCIF SCIF board of directors to appoint other key executive positions as determined by the board additional positions, not to exceed a total of 20 positions, including an administrator, senior management employees next in line of authority to the positions specified above, subordinate administrators with specialized training and knowledge, and other legal staff.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 6500 of the Government Code is amended~~  
2     ~~to read:~~

3     ~~6500. As used in this article, “public agency” includes, but is~~  
4     ~~not limited to, the federal government or any federal department~~  
5     ~~or agency, this state, another state or any state department or~~  
6     ~~agency, the State Compensation Insurance Fund, a county, county~~  
7     ~~board of education, county superintendent of schools, city, public~~  
8     ~~corporation, public district, regional transportation commission of~~  
9     ~~this state or another state, a federally recognized Indian tribe, or~~  
10    ~~any joint powers authority formed pursuant to this article by any~~  
11    ~~of these agencies.~~

12    ~~SEC. 2.~~

13    ~~SECTION 1. Section 11785 of the Insurance Code is amended~~  
14    ~~to read:~~

15    ~~11785. (a) The board of directors shall appoint a president, a~~  
16    ~~chief financial officer, a chief operating officer, a chief information~~  
17    ~~technology officer, a chief investment officer, a chief risk officer,~~  
18    ~~a general counsel, and other key executive positions, as determined~~  
19    ~~by the board an administrator, senior management employees next~~  
20    ~~in line of authority to these positions, and subordinate~~  
21    ~~administrators with specialized training and knowledge in areas,~~  
22    ~~including, but not limited to, workers’ compensation insurance,~~  
23    ~~technology, actuarial services, financial modeling, investment,~~  
24    ~~and financial accounting, and other legal counsel. The total~~  
25    ~~number of positions authorized under this section shall not exceed~~  
26    ~~20. The board of directors shall set the salary for each position.~~

1 These positions shall not be subject to otherwise applicable  
2 provisions of the Government Code and the Public Contract Code,  
3 and for those purposes the fund shall not be considered a state  
4 agency or other public entity. ~~The~~

5 (b) *The* president shall manage and conduct the business and  
6 affairs of the fund under the general direction and subject to the  
7 approval of the board of directors, and shall perform other duties  
8 as the board of directors prescribes.

9 ~~(b)~~

10 (c) Section 87406 of the Government Code, the Milton Marks  
11 Postgovernment Employment Restrictions Act of 1990, shall apply  
12 to the fund. Members of the board, the president, the chief financial  
13 officer, the chief operating officer, the general counsel, and any  
14 other person designated by the fund shall be deemed to be  
15 designated employees for the purpose of that act.

16 ~~(e)~~

17 (d) Both the Bagley-Keene Open Meeting Act (Article 9  
18 (commencing with Section 11120) of Chapter 1 of Part 1 of  
19 Division 3 of Title 2 of the Government Code) and the California  
20 Public Records Act (Chapter 3.5 (commencing with Section 6250)  
21 of Division 7 of Title 1 of the Government Code) shall apply to  
22 the fund.

23 ~~SEC. 3. Section 11873 of the Insurance Code is amended to~~  
24 ~~read:~~

25 ~~11873. (a) Except as provided by subdivision (b), the fund~~  
26 ~~shall not be subject to the provisions of the Government Code~~  
27 ~~made applicable to state agencies generally or collectively, unless~~  
28 ~~the section specifically names the fund as an agency to which the~~  
29 ~~provision applies.~~

30 ~~(b) The fund shall be subject to the provisions of Chapter 10.3~~  
31 ~~(commencing with Section 3512) of Division 4 of Title 1 of,~~  
32 ~~Chapter 3.5 (commencing with Section 6250) and Chapter 5~~  
33 ~~(commencing with Section 6500) of Division 7 of Title 1 of,~~  
34 ~~Chapter 6.5 (commencing with Section 8543) of Division 1 of~~  
35 ~~Title 2 of, Article 9 (commencing with Section 11120) of Chapter~~  
36 ~~1 of Part 1 of Division 3 of Title 2 of, the Government Code, and~~  
37 ~~Division 5 (commencing with Section 18000) of Title 2 of the~~  
38 ~~Government Code, with the exception of all of the following~~  
39 ~~provisions of that division:~~

- 1     ~~(1) Article 1 (commencing with Section 19820) and Article 2~~  
2     ~~(commencing with Section 19823) of Chapter 2 of Part 2.6 of~~  
3     ~~Division 5.~~  
4     ~~(2) Sections 19849.2, 19849.3, 19849.4, and 19849.5.~~  
5     ~~(3) Chapter 4.5 (commencing with Section 19993.1) of Part 2.6~~  
6     ~~of Division 5.~~  
7     ~~(e) Notwithstanding any provision of the Government Code or~~  
8     ~~any other provision of law, the positions funded by the State~~  
9     ~~Compensation Insurance Fund are exempt from any hiring freezes~~  
10    ~~and staff cutbacks otherwise required by law. This subdivision is~~  
11    ~~declaratory of existing law.~~